

representation allowances

The conference agreement includes \$6,485,000 for representation allowances. These funds are used to reimburse Foreign Service Officers for expenditures incurred in their official capacities abroad in establishing and maintaining relations with officials of foreign governments and appropriate members of local communities.

protection of foreign missions and officials

The conference agreement includes \$11,000,000 for the Protection of Foreign Missions and Officials account. The increase under this heading reflects the addition of protection requirements after September 11th, including additional fixed guard posts and increased motorcade, demonstration and protective detail costs.

This account reimburses local governments and communities for the extraordinary costs incurred in providing protection for international organizations, foreign missions and officials, and foreign dignitaries under certain circumstances. The Committee believes that local jurisdictions incurring such costs must submit a certified billing for such costs in accordance with program regulations. The Committee also believes that in those instances where a local jurisdiction will realize a financial benefit from a visit by a foreign dignitary through increased tax revenues, such circumstances should be taken into account by the Department in assessing the need for reimbursement under this program. The conferees expect the Department to treat such submissions diligently and provide reimbursement to local jurisdictions on a timely basis if claims are fully justified.

Of the total amount recommended, \$2,300,000 is available for protection of foreign diplomats and their families throughout the United States. The Foreign Missions Act of 1982 authorizes the provision of such services when necessary either at the request of a foreign mission or on the initiative of the Secretary of State. In these situations, where State and local authorities cannot provide the security required, the Act permits the Department of State to employ the services of private security firms.

Of the total amount recommended, \$8,700,000 is allocated to reimburse New York City for the protection of foreign missions and officials accredited to the United Nations and other international organizations. These funds provide for the costs of guard posts and security escort and motorcade services to foreign missions and personnel assigned to the United Nations.

The conference agreement includes language making these funds available until September 30, 2004.

embassy security, construction, and maintenance

The conference agreement includes a total appropriation of \$1,263,500,000 for Embassy Security, Construction, and Maintenance. The conference agreement designates \$755,000,000 as available only for priority worldwide security upgrades, acquisition, and construction, the full amount requested for such activities. The conference agreement includes \$508,500,000 for non-security related costs. The conference

agreement includes full requested wage and price increases for the Department's Office of Overseas Buildings Operations (OBO) totaling \$12,936,000, which will support 787 positions in fiscal year 2003.

This account provides funding to manage U.S. Government real property worth more than \$10,000,000,000 in over 200 countries, including maintaining 3,000 Government-owned and long-term leased properties at 250 posts and leasing approximately 1,100 office and functional facilities and 8,000 residential units, not only for the Department of State, but for all U.S. employees overseas. The Department's latest inspection survey identified in excess of 4,200 maintenance and repair needs, as well as major rehabilitation requirements.

Worldwide Security Upgrades.--The conference agreement includes \$755,000,000 for security projects, including \$608,550,000 to continue the capital security program of constructing new secure replacement facilities for the Department's most vulnerable embassies and consulates. Projects undertaken under this program will address the highest priority facilities from a security standpoint. The conferees are concerned that specific projects proposed in the budget request may not meet this criterion, and that in previous fiscal years the Department has proposed to reprogram funds under this activity for projects that do not address top priority security vulnerabilities and for projects that will not result, when complete, in a facility that meets existing security standards.

The conference agreement also includes \$146,450,000 to complete worldwide perimeter security projects and begin a new initiative to upgrade compound security, including installation of forced

entry/ballistic resistant roof hatches, vault doors and power-assisted vehicle barriers.

A proposed spending plan for the entire amount of available resources provided for worldwide security upgrades will be submitted through the normal reprogramming process within 60 days from the date of enactment of this Act. The Department shall notify the Committees immediately if there are any facilities that the Department believes face serious security risks.

Non-Security Base Programs.--The Committee expects the Department to propose an allocation of any proposed funding for non-security capital projects through the normal reprogramming process.

The conference agreement includes up to \$53,500,000 for facility rehabilitation and up to \$90,000,000 for maintenance and repair of buildings. Within the amounts provided, the conferees expect the Department to allocate funds as necessary: to renovate the Istanbul consulate to serve as a center for mutual cultural understanding; to carry out upgrades at the U.S. Embassy in Luxembourg; and to conduct renovations at the U.S. Embassies in Dili and Belgrade necessary to establish and maintain classified activities at post. In addition, the conferees are aware of proposals to address facilities and security requirements with regard to the U.S. presence in Rome. The conferees expect the Department to assess these proposals and requirements and allocate funding as appropriate within the funding provided under this heading. The conference agreement includes full funding for the leasehold program. Within available funds, the conferees expect the

Department to allocate up to \$20,000,000 for the buyout of uneconomic leases.

The conference agreement funding level includes the full amount requested for Security Management. This amount will support additional site security measures and cleared American guards to supervise an increasing number of capital projects.

The conference agreement also assumes \$6,000,000 for headquarters operations, \$17,500,000 for information management and support, and \$23,000,000 for renovations of the Harry S Truman Building.

Right-Sizing the Overseas U.S. Government Presence.--The conferees continue to be disappointed at the failure to make discernable progress in the pursuit of an Administration-wide process of determining the right size and makeup of overseas posts, including the explosive staffing projections at posts scheduled for new office buildings. The conferees continue to define "right-sizing" as the reconfiguration of overseas U.S. Government staff to the *minimum* number necessary to meet critical U.S. foreign policy goals. The notion of right-sizing as a desirable means to improve security and gain efficiencies implies that the current number of overseas staff is greater than the minimum number necessary, and that the presence of a number greater than the minimum number presents an unnecessary financial and security burden. The conferees are not aware of any right-sizing analysis to date that has resulted in a proposed reduction to a country-wide staffing presence.

The conferees strongly encourage the Department to continue to work toward an interagency mechanism that can result in meaningful right-

sizing. The conferees urge the Department to adapt, as appropriate, the basic right-sizing framework developed by the General Accounting Office to link embassy staffing levels to physical security considerations, mission priorities, and costs. In this regard, the conferees support the Department's effort to initiate a consolidation, streamlining and regionalization of country and multi-regional staffing in Frankfurt, Germany. The success of this initiative will be measured largely by the staffing reductions made possible at less secure locations throughout Germany, Europe, Eurasia, Africa and the Near East.

It costs two to three times as much to maintain an employee outside of the United States as it does within the United States. The conferees agree with the recommendation of the Overseas Presence Advisory Panel, that rationalizing staffing and operations abroad has the potential for large budgetary savings. The justification for all facilities projects funded under this account must include a full explanation of regional efficiency and security planning, and related staffing assumptions, and such projects will not be approved for funding absent evidence of the application of a uniform right-sizing methodology.

Assets Management.--The budget request designates \$80,000,000 in assets management funds planned for expenditure in fiscal year 2003. The conferees expect that these funds will be used for opportunity purchases to replace uneconomical leases and for other priority capital acquisition purposes. In addition, as in previous years, the conferees expect that assets management funds will continue to be allocated in part to security construction needs. Any use of these or additional assets management funds in fiscal year 2003 is subject to reprogramming. In addition, with respect to the requirement that a reprogramming for

any major new start be submitted, the conferees understand that requirement to mean that rehabilitation or construction of projects involving ambassador's residences will be subject to the requirement.

The conference agreement continues language carried in the bill in previous years that prohibits funds from being used for acquisition of furniture and furnishings and generators for other departments and agencies.

Soft Targets.--Recent terrorist attacks have brought into focus a new kind of threat against our interests abroad, specifically, threats against so-called "soft targets". The conferees direct the Department to formulate a strategy for addressing such threats to locales that are either frequented by Americans or are symbolic of the United States. The conferees are particularly concerned about the safety of American schools abroad, as well as international schools attended by American children. The conferees direct the Department to undertake a review of the security of all overseas schools attended by the children of non-military United States government employees. The report shall include information on each individual facility, including but not limited to the number of American children enrolled at the school; an accounting of all financial assistance provided to the school by the Department of State for the past 5 fiscal years; threat and risk assessments; an evaluation of the adequacy of the school's security in light of these threat and risk assessments; and recommendations for immediate steps the school can take, with the support of the Department, to enhance its security posture. The conferees expect the Department to propose a corresponding spending plan of up to \$15,000,000 to address such vulnerabilities from within the resources provided under this account.

Consular workspace improvement initiative.--The Department's consular mission is critical to our national security. Consular workspace must be adequately sized and outfitted in order to ensure that the processing of visas and visa applicants takes place in an organized and efficient manner. To ensure this, and to improve the overall working environment for Consular Affairs Officers, the conferees direct the Office of Overseas Buildings Operations [OBO] to undertake a 3-year Consular Workspace Improvement Initiative. The conferees are aware that, traditionally, OBO considers posts' facilities requirements in a holistic manner, and does not single out specific bureaus for workspace improvements. However, the conferees are also aware of the direct link between the quality of consular workspace and the efficiency and accuracy of consular work. There is a pressing need for additional consular windows and interview space, enlarged reception and waiting areas, office space, and document storage space. The Initiative should identify posts for consular workspace rehabilitation where errors in visa issuance present the greatest threat to our national security, as determined by OBO in consultation with the Bureau of Consular Affairs. The conferees expect construction to begin on priority projects no later than 60 days after the enactment of this Act. The Committee expects that up to \$8,000,000 within the funds available under this account for facilities rehabilitation may be used for this initiative.

Marine Security Guard housing.--Marine Security Guards are essential to the Department's ability to carry out its mission overseas. In fiscal year 2002, the Department completed the final phase of a multi-year effort, undertaken at the insistence of the Committees, to address the long-neglected capital needs of many Marine Security Guard [MSG]

housing facilities worldwide. The conferees support the Department's new policy of incorporating MSG housing costs into the initial cost estimates, and thus the budget requests, for overseas construction or rehabilitation projects. The conferees note that MSG housing costs for fiscal year 2003 are embedded within the capital projects account.

Reprogramming Requirements.--The conferees agree that the reprogramming requirements that have been applied in prior years regarding programs under this heading shall continue to apply during fiscal year 2003.

emergencies in the diplomatic and consular service

The conference agreement includes \$6,500,000 to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service. This funding level anticipates that carryover balances from fiscal year 2002 will be available for obligation in fiscal year 2003. Funding provided in this account is available until expended.

The conference agreement includes a provision in the bill that permits up to \$1,000,000 to be transferred from this account to the Repatriation Loans Program account. This provision will ensure an adequate level of resources for loans to American citizens through the Repatriation Loans Program account should that account require additional funds in fiscal year 2003 due to an unanticipated increase in the number of loans.

This appropriation provides resources for the Department of State to meet emergency requirements in the conduct of foreign affairs. The Committee recommendation provides funds for: (1) travel and subsistence expenses for relocation of American employees of the United States

Government and their families from troubled areas to the United States and/or safe-haven posts; (2) allowances granted to State Department employees and their dependents evacuated to the United States for the convenience of the Government; and (3) payment of rewards for information concerning terrorist activities.

repatriation loans program account

The conference agreement includes \$612,000 for the subsidy cost of repatriation loans and \$607,000 for administrative costs of the program.

This account provides emergency loans to assist destitute Americans abroad who have no other source of funds to return to the United States.

In the past, less than 20 percent of repatriation loans have ever been repaid. The conferees endorse efforts by consular services to limit assistance only to victims of unforeseen circumstances or travelers whose mental instability presents a risk to themselves or others.

payment to the american institute in taiwan

The conference agreement includes \$18,450,000 for the "Payment to the American Institute in Taiwan". The conference agreement provides for the Institute's pay and inflationary base adjustments. In addition, the Institute is authorized to collect Machine Readable Visa fees, which are expected to generate an additional \$14,000,000 in revenues in fiscal year 2003, as well as reimbursements from agencies and user fees from trade show exhibitors.

The conferees expect that the American Institute in Taiwan (AIT) will cover anticipated operating expenses in fiscal year 2003 through a combination of appropriations and visa fee revenues, and encourages the Institute to continue to pursue cost saving measures. The conferees expect the Department to submit by March 31, 2003, an AIT spending plan for fiscal year 2003, indicating the total amount of estimated fee collections, the amount of such fee collections allocated for operating expenses, and the total amount planned for operating expenses from all funding sources.

The Taiwan Relations Act requires that programs concerning Taiwan be carried out by the American Institute in Taiwan and authorizes funds to be appropriated to the Secretary of State to carry out the provisions of the Act. The Institute administers programs in the areas of economic and commercial services, cultural affairs, travel services, and logistics. The Department of State contracts with the American Institute in Taiwan to carry out these activities.

payment to the foreign service retirement and disability fund

The conference agreement includes \$138,200,000 for the appropriation entitled "Payment to the Foreign Service Retirement and Disability Fund". The amount provided in the Committee recommendation is required to amortize the unfunded liability in the system, as documented by the annual evaluation of Fund balances.

International Organizations and Conferences

contributions to international organizations

The conference agreement includes a total of \$866,000,000 for payment of the obligations of United States membership in international organizations as authorized by conventions, treaties, or specific Acts of Congress for fiscal year 2003.

The amount provided in the bill is intended to cover anticipated assessments for membership in international organizations, including the United Nations. In addition, the amount provides full funding for anticipated assessments for membership in the North Atlantic Treaty Organization and the related North Atlantic Assembly, International War Crimes Tribunals for Rwanda and the former Yugoslavia, the Organization of American States, and the Pan American Health Organization, among others.

The conference agreement is based on a upward adjustment of the fiscal year 2003 request based on exchange rate fluctuations, and also reflects the application of an estimated \$46,739,000 in available balances from fiscal year 2002 that the Committee has directed the Department to apply to the fiscal year 2003 assessment for the United Nations regular budget.

Reassessment of U.S. Membership in International Organizations.--The conferees note, with approval, the Department's recent actions to formally withdraw from certain international organizations where continued U.S. participation was determined to be a low priority in the context of overall U.S. national interests. The conferees continue to support the comprehensive reassessment of U.S. membership in each of the

50 international organizations for which funding is requested under this account. The Department shall notify the Committees in advance of taking any action to join, or rejoin any international organization.

Reform and Budget Discipline.--The conferees continue to insist on reform and budget discipline as the highest priorities for all of the international organizations, including the development of processes to evaluate, prioritize and terminate programs. The conferees believe that the onus is on each international organization and the State Department representatives to those organizations to reduce overall budgets and eliminate duplicative activities, excessive administrative costs, and inefficient operations.

United Nations Regular Budget.--As indicated, the funding level assumes full payment of the U.S. assessment to the United Nations (UN) regular budget, as has been provided every year since fiscal year 1989. This assessment is estimated at \$279,327,000 for calendar year 2002. In order to assure that the UN achieves the fiscal discipline that the Congress has insisted upon, the Committee strongly urges the Department to ensure that the UN takes no action to increase funding for any program without identifying an offsetting decrease elsewhere in the regular budget. Toward this end, the Committee expects the Department to insist on the prioritization of ongoing UN programs and activities, so that in the event of unanticipated requirements, budget offsets may be taken from activities and programs that have already been determined to be lower-priority by the organization.

The Committee expects the Department to certify to the Committee by March 1, 2003 that the UN has taken no action to exceed the approved

2002-2003 budget of \$2.63 billion, which is an increase of \$90 million from the previous biennium. Any proposal to exceed this budget level should be communicated to the Committee far in advance of the formal consideration and adoption of such a proposal. The Department shall also report to the Committees by April 30, 2003, describing any and all programmatic or administrative reductions adopted in the current UN biennial budget.

For nine of the international organizations funded under this account, including the United Nations regular budget, the payment of the United States assessment for a given calendar year is deferred until the subsequent fiscal year. As a result, United States assessment payments for membership in such organizations are not made until the fourth quarter of the calendar year. The conferees expect the Department to report to the Committees by September 30, 2003, on the significance of this practice with regard to the achievement of United States multilateral diplomacy goals and the financial operations of such international organizations. The report should include recommendations, as appropriate, for addressing any negative impacts. The report should also address any cost implications associated with such recommendations.

OECD.--The recommended funding level includes requested funding for future renovations to the Organization for Economic Cooperation and Development (OECD) headquarters building in Paris. The conferees remain concerned about the scope and cost of this project, and the need for the United States to assume the largest funding share for an undefined capital project in Paris with costs that could exceed \$200,000,000. The Committees expect to review detailed plans, cost estimates, and

potential financing methods through the reprogramming process before these funds are obligated for this project. Should the Department experience further exchange rate losses during fiscal year 2003, the Committees would entertain a reprogramming of this funding toward other comparatively higher-priority activities.

IAEA.--The conference agreement includes full funding for the adjusted request level for anticipated assessments for the International Atomic Energy Agency (IAEA). The conferees recognize the importance of the role played by the IAEA in efforts to enact stronger global measures to protect nuclear material and facilities against potential acts of terrorism.

PAHO.--The conferees continue to support the work done by the Pan American Health Organization (PAHO). PAHO has continued to take the lead in health issues, including border health concerns, emerging diseases and bio-terrorism that have an impact on citizens of the United States and all citizens of the Americas. The conferees encourage the Department to continue to support PAHO's efforts.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

The conference agreement includes \$673,710,000 for United States payments for Contributions for International Peacekeeping Activities for fiscal year 2003. The conference agreement provides for the full payment of anticipated fiscal year 2003 assessments for United Nations peacekeeping missions. The conferees are aware that prior year balances

of \$46,000,000, plus additional UN credits are available to offset the cost of fiscal year 2003 assessments.

The conferees are concerned about the continuing lack of demonstrable progress toward resolution of the Western Sahara dispute, despite an enormous investment of funds over the past decade in the UN's MINURSO peacekeeping mission. The conferees urge the Department to push for a negotiated settlement to the dispute, and to terminate the costly UN presence. MINURSO was established to oversee a referendum and settlement program that has failed to materialize over the past decade and which the Secretary General and his Personal Envoy have recognized as unworkable.

The establishment of several large, complex missions over the past few years has tested the capacity of the U.N. to plan and manage such operations successfully. The Brahimi report addressed many deficiencies in U.N. peacekeeping efforts, including problems in doctrine, strategy, decision-making, planning, deployment, support and information technology. The conferees support efforts to improve the performance and efficiency of U.N. peacekeeping missions through structural and procedural reforms. The conferees also support efforts to better limit and focus the goals of such missions, and to set specific benchmarks for performance and mission termination.

The conferees are concerned that clear, realistic benchmarks be established and enforced for the performance of the UN peacekeeping mission in the Democratic Republic of the Congo (MONUC). The conference agreement includes funding to cover anticipated fiscal year 2003 assessments for MONUC totaling \$273,226,000. The conferees expect the

department to consult with the Committees on Appropriations, and to submit the required notifications, prior to any increase or mandate change in this mission. Specifically, the conferees expect the Department to certify that the following conditions have been met with regard to this mission. First, firm benchmarks for what constitutes a successful mission must be determined, articulated, and followed. Second, the security of The Democratic Republic of the Congo's (DROC) neighbors must be factored in to all of MONUC's strategic and contingency planning, and must be heavily considered in the negotiation of a final political settlement. Third, the UN must construct an arrangement for the withdrawal of foreign forces from the DROC that, to the greatest degree possible, does not destabilize DROC's neighbors. Fourth, contingency plans must be developed and implemented for the safe withdrawal of peacekeepers in the event of a resumption of hostilities.

The conferees are encouraged by the significant progress made over the past year toward the establishment of peace in Sierra Leone. The conference agreement includes full funding for anticipated assessments for the UNAMSIL mission in Sierra Leone. In addition, the conferees strongly support the work of the Special Court for Sierra Leone to prosecute those who bear the greatest responsibility for serious violations of human rights and international law. The conferees expect the Department to consider ways it can support, and encourage international and private organizations to undertake new efforts to prevent, respond to, and document crimes, particularly crimes involving sexual violence, and violations in West Africa and the Congo.

The conferees continue to support the efforts of the UN's Office of Internal Oversight Services (OIOS) to identify waste, fraud and abuse with regard to peacekeeping operations, and to recommend specific reforms to ensure that such practices are brought to an end. The conferees expect the Department to provide the necessary support to ensure that the work of the OIOS is maintained and strengthened as it relates to oversight of peacekeeping operations.

The conference agreement also includes full funding for anticipated assessments for the UNMISSET mission in East Timor. As East Timor begins to establish a criminal justice system, basic social services, and professional police and defense forces, the conferees support the continued presence and gradual drawdown of the UN peacekeeping force.

The conferees direct the Department to resume transmission of UN Security Council reports on peacekeeping missions to the Committees on Appropriations.

The conference agreement includes language carried in previous years requiring 15-day advance notice of any new or expanded mission, together with a statement of cost, duration, exit strategy, vital national interest, and source of funds to pay the cost. The conference agreement also retains language requiring certification that American manufacturers and suppliers are provided equal procurement opportunities, and language prohibiting the use of funds under this account for the costs of court monitoring.

International Commissions

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

The conference agreement includes a total of \$30,932,000 for the International Boundary and Water Commission, United States and Mexico (IBWC). The total amount provided includes \$25,482,000 for Salaries and Expenses and \$5,450,000 for construction. The conference agreement includes language authorizing not to exceed \$6,000 for representation expenses.

SALARIES AND EXPENSES

The conference agreement for the Salaries and Expenses account includes \$25,482,000. The Committee notes that fluctuations in the Commission's operations and maintenance budgets can result in unanticipated cost savings. Should the Commission experience such savings, the Commission may propose, through the section 605 reprogramming process, the use of surplus funds for items not included in the Committee recommendation.

CONSTRUCTION

The conference agreement for IBWC construction provides \$5,450,000 for ongoing projects including: \$2,500,000 for Boundary-wide construction and \$2,950,000 for Rio Grande construction. The conferees note that the Rio Grande American Canal Extension project and the Colorado River project are both currently delayed by required, and extensive, environmental studies. No funding has been provided for those projects for fiscal year 2003. Reallocation of funding may be proposed to the Committees under the reprogramming procedures set forth in section 605 of this Act.

The conferees note that the IBWC has initiated formal negotiations with the Mexican Section of the IBWC concerning the provision of secondary treatment to Tijuana sewage in Mexico. The agreement that results from these negotiations will represent a significant long-term measure to address Tijuana sewage. The conferees are aware of concerns over the lack of progress in this regard, and strongly encourages the IBWC to forge a workable agreement to ensure secondary treatment of Tijuana sewage.

AMERICAN SECTIONS, INTERNATIONAL COMMISSIONS

The conference agreement includes a total of \$9,472,000 to fund the U.S. share of expenses of the International Boundary Commission, the International Joint Commission, United States and Canada, and the Border Environment Cooperation Commission for fiscal year 2003. This amount includes \$1,143,000 for the International Boundary Commission, \$6,246,000 for the International Joint Commission and \$2,083,000 for the Border Environment Cooperation Commission. The funding level for the International Joint Commission includes \$2,294,000 for the third year costs of a five-year study of the water regulation plan governing Lake Ontario and the St. Lawrence River.

INTERNATIONAL FISHERIES COMMISSIONS

The conference agreement includes \$17,100,000 to fund the U.S. share of the expenses of international fisheries commissions or related organizations, as well as the travel expenses of the United States commissioners.

The conference agreement includes \$2,100,000 for the Inter-American Tropical Tuna Commission, \$12,248,000 for the Great Lakes Fishery Commission, \$2,100,000 for the International Pacific Halibut Commission, \$90,000 for the International Whaling Commission, \$121,000 for the International Commission for the Conservation of Atlantic Tunas, \$70,000 for the Commission for the Conservation of Antarctic Marine Living Resources, \$150,000 for the Inter-American Sea Turtle Convention Commission, and \$100,000 for Expenses of the U.S. Commissioners. The balance of funds in this account may be allocated, on a priority basis, to other international fisheries commissions.

Other

PAYMENT TO THE ASIA FOUNDATION

The conference agreement includes \$10,444,000 for payment to the Asia Foundation for fiscal year 2003. The conference agreement includes funding for enhanced Foundation programs on human rights, higher education, democratic governance, ethnic harmony, religious tolerance and legal/judicial reform in Nepal, Indonesia, Afghanistan, and Pakistan. The Committee expects the Foundation to provide a program and spending plan for these special initiatives to the Committee by June 30, 2003.

The conferees support the Foundation's efforts to reestablish its program and presence in Afghanistan. The conferees encourage the Foundation to use its expertise in developing programs to encourage

women's political participation in Central Asia, and specifically Afghanistan.

EISENHOWER EXCHANGE FELLOWSHIP PROGRAM

The conference agreement includes an appropriation for fiscal year 2003 of interest and earnings from the Eisenhower Exchange Fellowship Program Trust Fund, expected to total \$500,000. The conferees recognize the important and unique role of the Eisenhower Exchange Fellowships in the U.S. Government's worldwide public diplomacy effort. The conferees therefore expect that Eisenhower Exchange Fellowships, Incorporated, (EEF) will fashion its exchange programs for fiscal year 2003 to reflect the priority within all public diplomacy programs of building mutual understanding with Arab and Muslim populations worldwide. In this regard, the conferees expect that the selection of foreign and United States fellows will reflect this priority. In addition, the conferees support a nation-wide, merit-based recruitment and selection process for United States Fellows.

ISRAELI ARAB SCHOLARSHIP PROGRAM

The conference agreement includes language that will appropriate for fiscal year 2003 interest and earnings of the Israeli Arab Scholarship Endowment Fund, expected to total \$375,000.

EAST-WEST CENTER

The conference agreement includes \$18,000,000 for the costs of maintaining and operating the East-West Center. Of the amount provided,

up to \$2,500,000 is intended for one-time costs associated with improvements to Center facilities.

NATIONAL ENDOWMENT FOR DEMOCRACY

The conference agreement includes \$42,000,000 for the National Endowment for Democracy (NED) for fiscal year 2003. The conferees expect that funding provided will allow NED to provide additional targeted grants to indigenous groups to build and strengthen democratic institutions in the Muslim world. The conference agreement also continues funding for grants to foster Africa's dynamic democracy movements, including groups in Sudan and the Democratic Republic of Congo. Within funds provided under this account the conferees expect the Endowment to increase democratization programs with Romania.

The conferees reaffirm the role that NED plays in strengthening democratic institutions around the world. Any perception that funds are used to directly support a particular party or candidate, or to support the removal of elected leaders through unconstitutional means, undermines the credibility and effectiveness of NED programs. The Committee expects NED to take all necessary measures to continue to ensure that all sponsored activities adhere to the core NED principles.

In order to be successful in its global fight against terrorism, the U.S. must develop a long-term response that addresses the root causes of terrorism. This response must include support to developing countries in the Middle East, Africa, South and Central Asia, and other regions where terrorism has flourished over the last decade. NED has an established network of organizations and professionals in these

regions that work to promote democracy in ways that are consistent with Islamic tradition. These existing networks can be used to further the U.S.' broader objectives in the war on terror. The conference agreement includes \$6,000,000 above the request for programs that encourage the development of ties with modernist Muslim groups, foster pro-democracy networks, support independent journalism, and assist women's business organizations. The distribution of these additional funds should be guided by the following four goals: 1) ending repression, permitting freedom of expression, and introducing genuine political parties; 2) modernizing economies and, as a consequence, reducing poverty and inequality; 3) controlling corruption and establishing a genuine rule of law; and 4) ending the political abuse of religion and reconciling Islam with modern concepts of citizenship and individual rights. The Conferees expect that this funding increase will be distributed throughout NED's four core institutes in the same manner as NED's core budget.

The conference agreement includes up to \$1,000,000 above current funding levels to expand a women's rights and democracy training program for Lebanon's female Shiite educators, students, and mothers. The conference agreement also includes up to \$2,000,000 above current funding levels for NED to establish a program for women's rights in Afghanistan. Within available funds, the NED should increase its support for independent women's cultural and human rights organizations in the Democratic Republic of Congo, Sierra Leone, Sudan, and Nigeria and for enhanced programs in The People's Republic of China, including Tibet, Burma, and North Korea.

The conferees expect the NED to submit to the Committees on Appropriations a financial plan for the entire amount made available under this heading prior to obligation.

RELATED AGENCY

BROADCASTING BOARD OF GOVERNORS INTERNATIONAL BROADCASTING OPERATIONS

The conference agreement includes \$468,898,000 to carry out United States International Broadcasting Operations for fiscal year 2003. This account funds the operating and engineering costs of Voice of America [VOA], Radio Free Europe/Radio Liberty [RFE/RL], Radio Free Asia [RFA], Worldnet Television/VOA-TV, and the Broadcasting Board of Governors [BBG]. The conference agreement provides all requested adjustments to base for all entities funded under this account and full requested funding to continue the Middle East Radio Network (Radio Sawa) initiative.

Of the funds made available under this heading, \$965,000 is recommended for the Office of the General Counsel.

Arabic Television. – The United States continues to face an enormous challenge to provide the people of Arab and Muslim countries with accurate information about our policies and values. The conferees support the Board's efforts to expand its ability to reach audiences in the Middle East. The conference agreement includes up to \$2,500,000 for the development of an Arabic language television initiative in the Middle East. In addition, the conferees are aware of prior-year recoveries in the Broadcasting Capital Improvements account that may be used for the development of an Arabic television initiative. Developing quality and attractive news and entertainment Arabic language programs should to the maximum extent possible involve the creative talents of the private and not-for-profit sectors. The conferees urge the Board to integrate new approaches, such as using private and not-for-profit content providers of Arabic broadcast programming, to more effectively engage key audiences.

Reprogramming of Exchange Rate Gains/Other Savings – As in past years, the conferees expect that there will be additional savings available to the Board, including exchange rate gains and vacancies in funded positions. The conferees note that the Board will have the ability to propose that savings be used for additional requirements related to the Arabic

broadcasting initiative, broadcasting to China and North Korea, and other emerging priority programs through the normal reprogramming process.

Language Service Review and Research – The conferees continue to support the Board's efforts to objectively and systematically review and evaluate the performance, results, and importance of every U.S.

Government-sponsored international broadcasting language service and to propose corresponding reallocations of funds. The conferees endorse this process as a means to improve broadcast quality and meet emerging program priorities within limited resources. The conferees commend the Board for taking steps to consolidate and strengthen the research function by establishing the Office of Performance Review. The conferees expect that the Board will be able to establish comprehensive performance measures and improve coordination of programming streams across component organizations, including the grantee organizations. The conferees support the continuation and expansion of this effort in fiscal year 2003. The conference agreement assumes total funding of at least \$5,000,000 for the Research function in fiscal year 2003. The conferees strongly urge the Board to ensure that foreign policy implications are given full consideration before adopting language service review recommendations. The conferees

direct the Board to submit a comprehensive report on Language Service Review results and corresponding reallocations of funds. The conferees expect that the continuing language service review effort may result in the dedication of additional resources to emerging priority programs, through the normal reprogramming process.

Africa Broadcasting. – The problem of AIDS in Africa is ubiquitous. Radio broadcasting is an underutilized tool in the fight against the African AIDS epidemic. Its accessibility to even the most impoverished communities makes it an ideal way to transmit information about the disease. Radio broadcasts could be a major component of sustained prevention efforts undertaken by the governments of many African countries, humanitarian organizations, and U.S. assistance programs. The recommendation includes up to \$10,000,000 for Voice of America's Africa Division for broadcasting to Africa. The conferees direct VOA to incorporate AIDS education into its regular programming. VOA is directed to report to the Committees on Appropriations on its progress no later than 90 days after enactment of this Act.

Security of RFE/RL headquarters. – The conferees are aware that RFE/RL and the government of the Czech Republic have jointly developed a preliminary plan to relocate RFE/RL headquarters from St. Wenceslas

Square in Prague, the Czech Republic, to a new and safer location. The BBG must consult with the Committees on Appropriations on all decisions concerning a future capital project as they relate to security. RFE/RL is directed to report to the Committees on Appropriations on all aspects of the relocation currently being considered. The report should explain whether it would be desirable, from both a security and from an economic perspective, to move RFE/RL headquarters to a location outside of the Czech Republic. The BBG is encouraged to consider Turkey as a possible host nation for the new RFE/RL headquarters.

Security of worldwide broadcasting facilities. – In the post-September 11 environment, the broadcasting services no longer have the luxury of ignoring the security of their personnel and facilities. The Broadcasting Board of Governors is therefore directed to develop, in consultation with the Department of State and other relevant U.S. agencies, a 5-year capital worldwide security plan. The plan shall be transmitted to the Committees on Appropriations no later than July 1, 2003.

The conferees remain concerned that adequate transmission capacity be available to support broadcasting to Iran and Iraq. The conferees understand the Board is in the process of identifying additional transmission capacity in the region to support Radio Free Iraq and its new Radio Farda

initiative. The conferees direct the Board to consult with the Committees on Appropriations as new transmission opportunities are identified that will provide strong broadcast signals for all relevant language services to Iran and Iraq.

Anti-jamming efforts. – The conferees continue to support initiatives by the BBG to defeat jamming and reach a wider audience for Radio Free Asia and Voice of America broadcasts to China, Tibet, Vietnam, and North Korea. The conferees are aware that new technologies may allow the VOA and RFA to more effectively defeat jamming efforts. The conferees encourage the Board to evaluate the usefulness of these technologies and will entertain proposals to reprogram additional funds for anti-jamming technologies.

The conference agreement provides funding for the principal broadcasting entities as follows:

Voice of America – The conference agreement provides \$154,307,000 for VOA. The conference agreement provides for adjustments to base and requested funding to continue surge broadcasting in Dari, Pashto, Urdu, Farsi, Arabic, Uzbek, and Turkish. The conferees expect the Board to complete the merger of Worldnet and VOA-TV resources. The conferees

understand that the BBG is in the process of determining final organizational changes to complete this merger and direct the Board to submit these proposed changes to the Committees on Appropriations in accordance with Section 605 of this Act.

Radio Free Europe/Radio Liberty – The conference agreement provides the full requested amount of \$73,086,000 for RFE/RL, including the requested amounts for broadcasting to Iran and Iraq. The conference agreements provides for adjustments to base, including \$2,423,000 to continue surge programming in Persian, Tajik, Uzbek, Turkmen, Arabic, Kazakh, Kyrgyz, and Azeri.

The conferees commend RFE/RL for developing programming in Avar, Chechen, and Circassian, and for expanding broadcasting to the Northern Caucasus. The conferees recognize the continuing importance of reaching the isolated minorities of the Northern Caucasus in their native languages. The Chechen crisis is ongoing and there is still a great need in this region for objective, uncensored information. Within the funding provided for RFE/RL, \$850,000 is for the North Caucasus Unit.

Radio Free Asia – The conference agreement provides the full requested amount of \$27,084,000 for RFA. This amount includes \$1,684,000 for adjustments to base, and will allow RFA to continue its expanded schedule of broadcasting to China, Tibet, Burma, Vietnam, North Korea, Laos, and Cambodia.

The conference agreement includes full funding for RFA to continue daily Uyghur broadcasts. Radio Free Asia's Uyghur broadcasts are proving successful in northwest China in spite of top-level officials' efforts to erect a steel wall against "hostile radio stations from abroad".

The conferees are supportive of efforts to increase the number of broadcast hours of both the VOA Korean and the RFA Korea services. Within the funding made available for RFA, up to \$1,500,000 is for the Korea Service.

The BBG is directed to submit to the Committees on Appropriations, no later than sixty days from the date of enactment of this Act, a financial plan including a distribution of the total resources available under this account.

BROADCASTING TO CUBA

The conference agreement includes \$24,996,000, to remain available until expended, for Broadcasting to Cuba under a separate account.

BROADCASTING CAPITAL IMPROVEMENTS

The conference agreement includes \$12,740,000 in new budget authority for broadcasting capital improvements. This amount will provide for the continuation of base costs for maintenance, improvements, replacements and repairs, digital production capability development, and security upgrades at transmitting stations overseas.

The Board shall continue to keep the Committees on Appropriations informed on the status of its efforts to acquire additional transmission capabilities in the Middle East. The Board shall also continue to keep the Committees on Appropriations informed regarding costs and results of the ongoing digital conversion project.

General Provisions--Department of State and Related Agency

The conference agreement includes section 401, permitting the use of funds for allowances, differentials and transportation.

The conference agreement includes section 402 dealing with transfer authority.

The conference agreement includes section 403 prohibiting the use of funds by the Department of State or the Broadcasting Board of Governors to provide certain assistance to the Palestinian Broadcasting Corporation.

The conference agreement includes section 404 regarding the recording of place of birth on certain passport applications.

The conference agreement includes section 405 regarding a certain land transfer.

The conference agreement includes section 406 regarding coordination of programs to combat trafficking in persons. The conferees have included additional guidance regarding these programs under the "Diplomatic and Consular Programs" heading in this Statement of Managers.

TITLE V- RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

Maritime Administration

Maritime Security Program

The conference agreement includes \$98,700,000 for the Maritime Security Program as proposed in both the House and Senate.

Operations and Training

The conference agreement includes \$92,696,000 for the Maritime Administration Operations and Training account. Within the amounts provided, \$13,000,000 is for the U.S. Merchant Marine Academy construction and maintenance.

Ship Disposal

The conference agreement includes \$11,161,000 for the disposal of obsolete vessels the National Defense Reserve Fleet of the Maritime Administration. This program should ensure the expeditious implementation of a pilot program for export and disposal of obsolete vessels during fiscal

year 2003. Priority should be given to the most hazardous vessels, including those in the James River. The conferees expect the MARAD to report back to the Committees on Appropriations on the vessels designated for disposal; the comparative condition of the vessels; the proposed method of disposal, including reefing; and the projected cost for disposal of each vessel. The conferees urge MARAD to work with the Environmental Protection Agency to design an environmentally sound disposal program.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

The conferees include \$4,126,000 for the administrative expenses related to this program.

Administrative Provisions – Maritime Administration

The conference agreement includes provisions involving Government property controlled by MARAD, the accounting for certain funds received by MARAD, and a prohibition on obligations from the MARAD construction account.

COMMISSION FOR THE PRESERVATION OF AMERICA'S HERITAGE

ABROAD

SALARIES AND EXPENSES

The conference agreement includes \$499,000 for the expenses of the Commission for the Preservation of America's Heritage Abroad. The conference agreement will allow the Commission to fund its administrative expenses through appropriated funds while relying on privately donated funds for the actual purchase and restoration of property and other project implementation purposes. The conferees encourage current efforts to attract private funding to support the work of the Commission.

Revolutionary War heroes - The conferees support implementation of phase II of the foreign born revolutionary war heroes project to the extent that private funding is available for this purpose.

Commission on Civil Rights

Salaries and Expenses

The conference agreement includes \$9,096,000 for the salaries and expenses of the Commission on Civil Rights for fiscal year 2003. The Commission investigates charges of citizens being deprived of voting rights, and collects, studies and disseminates information on the impact of Federal laws and policies on civil rights. The Commission was established by the Civil Rights Act of 1957 and is directed by eight part-time commissioners. The Commission was created to protect the civil rights of people within the U.S. and was intended to be an independent, bipartisan, fact-finding agency. The conferees are concerned about the present state of affairs at the Commission, and the Commission's apparent inability to fulfill its mission. The conferees note that recent Commission meetings have been held without a quorum of 5 Commissioners. The conferees are surprised by the Commission's decision to incur additional expense to hold monthly meetings in cities other than Washington, D.C. The Commission has stated in its budget request and in briefings with Committees on Appropriations staff that it may be unable to meet basic operational requirements such as payroll processing and rent increases in fiscal year 2003 at the budget level

in the President's request. The conferees expect the Commission to meet its requirements in fiscal year 2003 through savings realized in salary expenses and other operational costs, including travel and other costs related to Commission meetings. The conferees direct the Commission to submit, within 60 days after the enactment of this Act, a spending plan for the costs of conducting all Commission meetings in fiscal year 2003, making note of any meeting the Commission plans to hold in a city other than Washington, D.C. This spending plan shall be submitted to the Committees on Appropriations pursuant to section 605 of this Act.

The conference agreement includes language as included in previous years, which provides (1) \$50,000 to employ consultants; (2) a prohibition against reimbursing commissioners for more than 75 billable days, with the exception of the chairwoman, who is permitted 125 billable days; and (3) a limitation of four full-time positions under schedule C of the Excepted Service, exclusive of one special assistant for each commissioner.

COMMISSION ON INTERNATIONAL RELIGIOUS FREEDOM

SALARIES AND EXPENSES

The conference agreement includes \$2,884,000 for the Commission on International Religious Freedom, the amount identified by the Commission as necessary to carry out all requested activities for fiscal year 2003.

The conferees note that the Commission held only three public hearings in fiscal year 2002. As an authoritative and unique resource on religious freedom issues, the conferees expect the Commission to be more active in fiscal year 2003 in holding hearings, seminars, and other events involving public audiences. This may include holding Commission hearings and events in locations around the United States.

Commission on Ocean Policy

Salaries and Expenses

The conference agreement includes \$2,000,000 for necessary expenses of the Commission of Ocean Policy.

COMMISSION ON SECURITY AND COOPERATION IN EUROPE

SALARIES AND EXPENSES

The conference agreement includes \$1,582,000 for the Commission on Security and Cooperation in Europe, the amount identified by the Commission as necessary to carry out all requested Commission activities for fiscal year 2003.

CONGRESSIONAL-EXECUTIVE COMMISSION ON THE PEOPLE'S
REPUBLIC OF CHINA
SALARIES AND EXPENSES

The conference agreement includes \$1,380,000 for the Congressional-Executive Commission on the People's Republic of China, an increase of \$380,000 above the amount provided in fiscal year 2002. Within this amount, the conference agreement includes \$3,000 to be available for the purposes of official representation, upon the joint certification of the Chairman and Co-Chairman.

Victims Lists Database – Of the total amounts available in fiscal year 2003, including fiscal year 2002 carryover of \$621,813, the conferees expect that \$500,000 will be used by the Commission to develop, populate, and operate a database of information on political and religious prisoners in China, pursuant to section 302(b) of Public Law 106-286. The conferees believe that a comprehensive and accessible database of prisoners of conscience in China can be a powerful tool for Members of Congress, the Administration, NGOs, scholars, and the public to monitor and call attention to human rights abuses in the People's Republic of China, including specific cases.

The conferees encourage the Commission to continue building a staff composed of personnel with comprehensive experience in the field of human rights, the core component of the Commission's work. Within the amounts

appropriated under this heading, the conferees expect the Commission to strengthen staff expertise in this area to better serve as an authoritative voice on human rights and human rights-related rule of law issues in China. The conferees urge that the Commission model itself on the Helsinki Commission, which has served as a visible and effective advocate for democratic and human rights development in OSCE member countries since 1976.

The Congressional-Executive Commission on the People's Republic of China was authorized as part of the United States-China Relations Act of 2000 that established permanent normal trade relations with China. The Commission monitors the acts of the People's Republic of China that reflect compliance with or violation of international human rights standards and monitors the development of the rule of law, including the development of democratic institutions, reform of legal procedures, transparency of the legal system, and the establishment of an independent judiciary.

Equal Employment Opportunity Commission

Salaries and Expenses

The conference agreement includes \$308,822,000 for the salaries and expenses of the Equal Employment Opportunity Commission (EEOC) for fiscal year 2003.

The conferees note with concern the apparent lack of sound managerial and fiscal practices that have resulted in the Commission's projected shortfall in fiscal year 2003. The conferees expect the Commission to meet its requirements in fiscal year 2003 through savings realized in salary expenses and other operational costs.

The EEOC is directed to submit to the Committees on Appropriations, no later than sixty days from the enactment of this Act, a financial plan, including steps the Commission intends to take to control costs and stay within its fiscal year 2003 appropriation level.

The conference agreement includes language similar to that included in previous Appropriations Acts allowing not to exceed \$33,000,000 for payments to State and local FEPAs. This level of funding will allow the

Commission to ensure that State and local FEPAs receive a contract rate of \$500 per charge. The conferees again encourage the EEOC to use the experience the FEPAs have in mediation, as the Commission expands its ADR programs.

The conference agreement also includes language similar to that included in previous Appropriations Acts allowing non-monetary awards to private citizens, and up to \$2,500 for official reception and representation expenses.

FEDERAL COMMUNICATIONS COMMISSION

Salaries and Expenses

The conference agreement includes a total budget authority of \$271,000,000 for the salaries and expenses of the Federal Communications Commission (FCC) for fiscal year 2003, of which \$269,000,000 is to be derived from offsetting collections, resulting in a direct appropriation of \$2,000,000.

The conferees note with concern the apparent lack of sound managerial and fiscal practices that have resulted in the FCC exceeding its authorized full-time equivalent (FTE) level and the consequent budget shortfall projected in fiscal year 2003. The conferees direct the FCC to consult with the Committees on Appropriations on the Commission's plan to control costs and remain within its fiscal year 2003 appropriation and FTE levels.

The conferees are concerned about the declining standards of broadcast television and the impact this decline is having on America's

children. An analysis of all prime-time programming has found that overall sexual content, foul language and violence have tripled over the past decade.

In December 1999, the FCC issued a notice of inquiry regarding the public interest obligations of broadcasters during and after the transition to digital transmission. The conferees direct the Commission to continue to report to

Congress on the issues associated with resurrecting a broadcast industry

that) code of conduct of programming, which if adhered to by the broadcast industry, would protect against the further erosion of broadcasting standards.

The conferees continue to emphasize the importance of the FCC's commitment to the availability of high quality communications. In addition to technical quality, the conferees hope the Commission will continue to take steps toward carrying out its responsibilities under Title 18 of the United States Code, Section 1464. The conferees commend recent FCC efforts to take a more aggressive stance in curbing an assault of obscene matter over the airwaves while remaining cognizant of the Constitutional rights of our citizens.

In addition, the conferees laud the recent FCC enforcement actions against telephone companies operating "fat finger" dialing scams. The conferees encourage the FCC to continue working to make consumers aware

of these scams and to take appropriate actions against companies operating them.

Federal Maritime Commission

Salaries and Expenses

The conference agreement includes \$16,700,000 for the salaries and expenses of the Federal Maritime Commission (FMC) for fiscal year 2003.

The conferees expect that any pay and inflationary increases shall be absorbed through hiring below attrition and other cost-cutting measures.

The Federal Maritime Commission is directed to provide a report to the Committees on Appropriation no later than June 1, 2003, on the Far Eastern Shipping Company's (FESCO) participation in the Grand Alliance Agreement in providing service in the United States- Russian Far East trade. Specifically, the FMC should report to the Committees on Appropriation whether or not FESCO should be reclassified as a controlled carrier.

Federal Trade Commission

Salaries and Expenses

The conference agreement includes \$176,608,000 for the Federal Trade Commission (FTC), instead of \$174,508,000 as proposed by the House and \$175,148,000 as proposed by the Senate.

The conference agreement provides a \$2,100,000 increase, as requested, to address the physical security needs of the Commission's headquarters building. The Conferees direct the Commission to coordinate its physical security enhancements with GSA to ensure that these upgrades are consistent with other security upgrades being implemented throughout Washington, D.C.

The Conferees direct the Commission to study the impact on underage consumers of the significant expansion of new ads for liquor-branded "alcopops" and report the Commission's finding to the Committee within six months of enactment of this Act. The Conferees are also concerned that the alcoholic-beverage industry has not implemented all of the recommendations of the 1999 Commission report, "Self Regulation and the Alcohol Industry," and that only one industry member has taken action to provide for independent review of complaints about its advertising. The Conferees urge the Commission to encourage the industry to adopt stricter advertising placement standards

as well as establish an independent third-party review mechanism to limit the appeal and exposure of alcohol advertising to underage consumers and report back to the Committees on Appropriations no later than six months from enactment of this bill on the status of the implementation of these recommendations and whether further rule-making by the Commission is required.

The Conferees are aware of steps the Commission is taking to address consumer issues of particular concern to Hispanic Americans, including the hiring of bilingual outreach and legal staff, as well as the increased monitoring of Spanish-language advertisements, enforcement actions and education initiatives. The Conferees commend the Commission for its efforts to respond to the concerns of Hispanic Americans and encourages the Commission to continue its efforts to render effective consumer assistance.

The recommendation retains requested bill language prohibiting the use of funds to implement section 151 of the Federal Deposit Insurance Corporation Improvements Act of 1991 (FDICIA). The Conferees are concerned that the consumer protection intent of this law may be going largely unenforced. Further, the Conferees recognize that the Commission, who is assigned enforcement responsibility under section 151, may not be the appropriate Federal agency to regulate non-federally insured depository institutions. The Conferees direct the General Accounting Office to study enforcement of this provision, evaluate the risk to consumers if this provision is not enforced, and make

recommendations on which Federal agency could most effectively enforce this provision. The Conferees expect this report to be submitted 180 days after enactment of this Act.

The Conferees are concerned that consumers are not adequately protected against telephone companies operating "fat finger" scams. The Conferees direct the Commission to work with the Federal Communications Commission to make consumers aware of these scams and take appropriate actions against companies operating them.

The Commission released a report two years ago that was very critical of the entertainment industry and their persistent and calculated marketing of violent games, movies, and music to children. In response to this report the entertainment industry has promised to place tougher regulations on itself and voluntarily comply with the report's recommendations. The Conferees believe that the FTC should continue and expand its efforts in this area and directs the Commission to continue to engage in consumer research and workshops, underage shopper-retail compliance surveys, and marketing data collection.

The Commission is charged with monitoring compliance with the Children's Online Privacy Protection Act. The conference agreement ensures the agency is adequately prepared to meet the challenges of increased fraud on the Internet and the agency's recognition that Internet fraud is an international phenomenon since the Internet has no borders.

The conference agreement includes additional funding and authority to collect offsetting fees for the Commission's Do-Not-Call initiative under its Telemarketing Sales Rule. The Do-Not-Call initiative will establish a national database of telephone numbers of consumers who choose not to receive telephone solicitations from telemarketers. The Conferees understand that the Commission has adopted, prior to enactment of this legislation, the Do-Not-Call initiative as an amendment to its Telemarketing Sales Rule. The Conferees further understand that the Commission has developed a spending plan for the Do-Not-Call initiative. The Conferees recognize that these additional funds and fee collection authority are needed to implement the Do-Not-Call initiative, which has received broad support from, and will provide significant benefits to, consumers throughout the United States.

Legal Services Corporation

Payment to the Legal Services Corporation

The conference agreement includes \$338,848,000 for the payment to the Legal Services Corporation. The Legal Services Corporation will provide \$9,500,000 in one-time grants equitably distributed among those service areas that will receive less funding in FY 2003 than they did in FY 2002 because of census-based reallocations.

Administrative Provision

The conference agreement includes language to continue the terms and conditions included under this section in previous Appropriations Acts, except that section 501(a)(1) of Public Law 104-134 shall not apply to the use of \$9,500,000.

Marine Mammal Commission

Salaries and Expenses

The conference agreement includes \$3,050,000 for the necessary expense of the Marine Mammal Commission. Of the amounts provided, up to \$1,000,000 is available to fund an international conference, or series of conferences, to share findings, survey acoustic "threats" to marine mammals and develop means of reducing those threats while maintaining the oceans as a global highway of international commerce.

NATIONAL VETERANS BUSINESS DEVELOPMENT CORPORATION

The conference agreement includes \$2,000,000 for the National Veterans Business Development Corporation. The conferees note that the Corporation's authorizing legislation mandates that it institute a plan to raise private funds and become a self-sustaining corporation. The conferees encourage efforts by the Corporation to meet this goal.

Securities and Exchange Commission

Salaries and Expenses

The conference agreement includes \$716,350,000 for the Securities and Exchange Commission, instead of \$776,000,000 as provided by the House and \$656,700,000 as provided by the Senate. In addition, \$29,439,000 in unobligated prior year balances previously appropriated is available to the Commission for a fiscal year 2003 operating level of \$745,789,000.

The conference agreement supports the continuation of pay parity for the SEC's staff, adds additional staff, and provides the funds necessary to improve the agency's monitoring systems. The conferees expect the SEC to provide quarterly reports to the Committees on Appropriations on the status of the implementation of these funds and the measures it is taking to restore the public's confidence in the financial markets.

The conferees understand the Commission plans on receiving 700 new staff and that the majority of these new staff would be allocated to the Divisions of Enforcement and Corporation Finance and the agency's inspection and examination program. The conferees require a spending plan be provided. *(and approved*

The inability of Commission staff to conduct data-intensive analyses and examinations has hampered the Commission's investigative and enforcement efforts. In particular, the Commission has continued to struggle with the massive inflows of paper documents received in the course of its investigations. For this reason, the Committee recommendation includes an increase of not less than \$47,200,000 for information technology. This funding increase will allow for the development of a pilot document management system and the deployment of substantially more robust analytical tools for SEC examination staff. This increase also will allow the Commission to undertake a requirements analysis to determine how best to improve its corporate disclosure review activities so that investors are provided with enhanced protections and assurances of the validity of corporate financial disclosures.

The recommendation funds the necessary costs of additional security measures now required at the Commission's new headquarters building as a result of the September 11 attack and continuing threats to Federal facilities.

Exercise of options- The Conferees continue to be concerned that corporate insiders are enriching themselves at the expense of the commercial enterprises and stockholders for whom they work by exercising stock options immediately prior to companies' financial collapse. In fact, exercising stock options at times may actually contribute to the bankruptcy of teetering corporations. Therefore, the Conferees recommend that the SEC provide monthly updates regarding the exercise of stock options by corporate officers and directors both electronically to the Senate Appropriations

Committee as well as publicly on the Commission's Electronic, Data Gathering, Analysis, and Retrieval system (EDGAR). Specifically, the information shall include every corporate officer or director whose exercise of options under section 12 of the Securities and Exchange Act exceeds \$100,000 during each 30 day reporting period. The Committee recognizes the SEC's effort to begin making these disclosures available electronically in fiscal 2003 and expects the Commission to keep the Committee apprized of its progress in this regard.

The conference agreement includes bill language, similar to that included in previous appropriations acts, which: (1) allows for the rental of space; (2) makes up to \$3,000 available for official reception and representation expenses; (3) makes up to \$10,000 available for a permanent secretariat for the International Organization of Securities Commissions; and (4) makes up to \$100,000 available for governmental and regulatory officials.

SMALL BUSINESS ADMINISTRATION

The conference agreement provides a total of \$736,459,000 for the four appropriations accounts of the Small Business Administration (SBA). Detailed guidance for the four SBA appropriation accounts is contained in the following paragraphs.

SALARIES AND EXPENSES

The conference agreement includes \$314,457,000 for the salaries and expenses account of the SBA. Of the amount provided under this heading, \$176,882,000 is for operating expenses of the SBA. In addition, a total of \$138,854,000 from other SBA accounts may be transferred to and merged with the salaries and expenses account for indirect operating costs. This amount consists of \$129,000,000 from the Business Loans Program account and \$9,854,000 from the Disaster Loans Program account for the administrative expenses related to those accounts. The conferees also anticipate that the SBA will have an additional \$3,000,000 in fee receipts available for operating expenses. This will result in a total availability of \$318,736,000 for the operating expenses of the SBA, an increase of \$15,400,000 above the comparable fiscal year 2002 amount.

In addition, the conference agreement includes language under the Disaster Loans Program account providing that \$108,000,000 of the amount provided for

administrative expenses may be transferred to and merged with the salaries and expenses account for the direct administrative costs of disaster loan making and servicing.

The conference agreement includes requested language authorizing \$3,500 for official reception and representation expenses, as well as language authorizing the SBA to charge fees to cover the cost of publications and certain loan servicing activities. The language also permits revenues received from all such activities to be credited to the salaries and expenses account to be available for carrying out these purposes without further appropriations. The conference agreement includes the full amount requested for Low Documentation Processing Centers.

The conferees support efforts by the SBA to examine and implement organizational changes, both in Washington, DC and in the field, that result in greater operational efficiencies, cost savings, and improved delivery of SBA services to small businesses nationwide and look forward to the submission of subsequent detailed workforce transformation plans.

The conference agreement does not include requested language allowing the SBA to retain up to \$3,000,000 of increased collections of delinquent debt for qualified expenses.

Systems Modernization – The conferees note that \$32,000,000 has been appropriated for systems modernization at the SBA over the past four years,

including funding for the loan monitoring system (LMS) and the joint accounting and administrative management system project (JAAMS). The conferees remain concerned about the lack of progress by the SBA in delivering tangible and timely systems improvements. The conferees expect that the SBA will use remaining balances obligated to FEDSIM in prior fiscal years for priority systems projects, including core LMS acquisitions, implementation of phase II of JAAMS, or effective alternatives that bring about meaningful systems improvements. Systems modernization expenditures during fiscal year 2003 from funds provided in previous fiscal years shall be subject to the submission of project spending plans through the reprogramming process in accordance with section 605 of this Act.

Non-Credit Programs – The conference agreement includes the following for the non-credit programs of the SBA:

Regulatory Fairness Boards/National Ombudsman	500,000
Advocacy Research.....	1,100,000
Veterans Programs.....	750,000
BusinessLINC	2,000,000
7(j) Technical Assistance Programs.....	1,500,000
Small Business Development Centers.....	89,000,000
SCORE	5,000,000
Women's Business Centers	12,500,000
Women's Business Council	750,000
Native American Outreach.....	2,000,000
Drug-free Workplace Program.....	2,000,000
Business Information Centers	475,000
Microloan Technical Assistance.....	15,000,000
PRIME Technical Assistance	5,000,000
Total, non-credit initiatives	137,575,000

Funding for any non-credit program not listed above shall be subject to the availability of funds and will be considered by the Committee on Appropriations in accordance with the section 605 of this Act.

Of the amounts provided for the Small Business Development Center (SBDC) program, \$2,000,000 is to continue the SBDC defense transition program and \$1,000,000 is for a regulatory compliance simplification program to increase coordination of environmental, Occupational Health and Safety Administration and Internal Revenue Service compliance requirements and to avoid duplication among programs for compliance assistance to small businesses. The conferees believe that the Small Business Development Centers provide useful services to small businesses nationwide. Federal funding constitutes the seed funding for this program, which is leveraged by State, local and private funds.

The conferees expect that within the overall amount provided under this account, full funding will be provided for the operations of the Office of Advocacy, to include \$1,100,000 for Advocacy Research. The conferees direct the Office of Advocacy to document and report to the Committees on Appropriations by September 30, 2003 the number of small businesses owned by people with disabilities served by SBA credit and non-credit programs.

The conference agreement includes \$2,000,000 to continue funding for a drug-free workplace demonstration program to provide technical assistance to small business concerns seeking to start a drug-free workplace program.

The conference agreement includes \$1,500,000 for SBA's 7(j) Technical Assistance programs. Within this amount, funding is provided to continue executive education programs and programs to help small businesses adapt to a paperless procurement environment. Funding is also provided to continue minority enterprise development week activities. The conferees expect that the remaining balance of 7(j) funds will be awarded through the grants solicitation process.

The conference agreement includes \$2,000,000 for a Native American initiative. The conferees expect that this initiative will assist small business and economic development only in the most disadvantaged tribal areas. The conferees realize that not all Native American tribes, particularly those in remote areas experiencing severe economic hardship, may be aware of this and other SBA programs. The conferees expect the SBA to develop strong outreach capacity with this initiative to ensure that underserved Native American tribes have the opportunity to participate in this program and other SBA non-credit and loan programs. The conferees direct the SBA to submit a spending plan for this initiative by April 30, 2003, through the regular reprogramming process.

Finally, the conferees direct the SBA to submit a report to the Committees on Appropriations no later than March 31, 2003 listing all personnel reassignments and lateral personnel actions executed at the GS-15 and senior executive service career civil service levels, over the past three fiscal years.

OFFICE OF INSPECTOR GENERAL

The conference agreement includes \$12,422,000 for the Office of Inspector General of the Small Business Administration. The conference agreement assumes that, as in fiscal year 2002, the appropriation under this heading will be supplemented by an additional \$500,000, which may be transferred to this account, from the administrative expenses of the Disaster Loans Program account for oversight costs related to that program. The conference agreement includes resources for continued oversight of SBA's business loan portfolio and SBA's administration of the 7(a) and disaster loan programs and non-credit programs. The conferees expect the office to report on its progress in reviewing and auditing the agency's financial management systems.

BUSINESS LOANS PROGRAM ACCOUNT

The conference agreement includes \$218,086,000 under this account, consisting of: \$85,360,000 for the Business Loans Program account for subsidies for guaranteed business loans; \$3,726,000 for subsidies for direct business loans; and \$129,000,000 for administrative expenses related to business loan programs.

The amount provided for administrative expenses may be transferred to and merged with the appropriation for SBA salaries and expenses to cover the common overhead expenses associated with business loans. In addition, the conference agreement includes a provision, also carried in previous years, which allows up to \$45,000,000 to remain available for two fiscal years.

7(a) Business Loan Program – The SBA 7(a) Business Loan Program serves as an important source of capital for America's small businesses. Each year, 40,000 or more small business concerns, who cannot obtain comparable credit elsewhere, turn to the 7(a) program for critical financing. The conferees have been concerned throughout the fiscal year 2003 budget process that the requested amount of \$85,360,000 for 7(a) budget authority would not provide for a credible business loan program level for fiscal year 2003, absent a correction to the SBA's subsidy rate calculation. Further, the conferees note that schemes put forth by the SBA in the budget request to offset the shortfall in the 7(a) Business Loan program never materialized, including high carryover balance estimates. As a result, the

SBA has depended on solutions predicated on the enactment of separate authorization and appropriation measures to achieve an adequate program level. In 2001, the GAO estimated that on a cumulative basis since 1992, the SBA overestimated the cost of the 7(a) program by approximately \$958 million using inflated subsidy rate calculations, similar to those used for fiscal year 2003. The conferees understand that during fiscal year 2002, the SBA and the Office of Management and Budget developed a new econometric model to address flaws in the subsidy rate methodology to more accurately estimate defaults for the 7(a) Loan Program. The conferees support a recalculation of the 7(a) subsidy rate using this new econometric method in fiscal year 2003. In addition, the conferees direct the SBA to develop similar, more accurate econometric models during this fiscal year for use in other SBA loan and financing programs, especially the 504 Loan Program. The conferees expect the SBA to put forward credible program proposals for the 7(a) Business Loan Program account in future fiscal years.

7(a) Business Loan Cap – Beginning October 1, 2002, the SBA imposed a \$500,000 cap on the maximum loan size of 7(a) business loans with the justification that funding under any fiscal year 2003 continuing resolution would limit the amount of available funds for 7(a) and require the SBA to limit the size of individual loans. The conference agreement includes the requested amount of new budget authority for the 7(a) Loan Program for fiscal year 2003. The conferees

therefore expect that, upon enactment of this Act, the SBA will remove the 7(a) loan cap or submit a written justification to the Committees on Appropriations and the Small Business Committees as to the necessity of such a cap.

The conferees support the participation of credit unions as authorized lenders for the guaranteed loan programs of the SBA, in accordance with the Small Business Act, as amended, and State and Federal regulatory requirements.

DISASTER LOANS PROGRAM ACCOUNT

The conference agreement includes \$191,494,000 for the Disaster Loans Program Account for loan subsidies and associated administrative expenses. The conference agreement includes new budget authority of \$73,140,000 for the subsidy costs of disaster loans, which when combined with estimated recoveries and balances of \$38,806,000 will provide for a loan program level of over \$800,000,000, which represents an average annual disaster loan program level.

The conference agreement includes \$118,354,000 for administrative expenses of carrying out the program, which may be transferred to and merged with appropriations for salaries and expenses. The conference agreement includes language specifying that, of the amount provided for administrative expenses, \$108,000,000 is for the direct administrative expenses of loan making and loan servicing, and \$9,854,000 is for indirect administrative expenses. The conference agreement also includes language requiring that any amount in excess of \$9,854,000 transferred to the salaries and expenses account for indirect administrative expenses shall be subject to reprogramming requirements, as detailed under section 605. In addition, the conference agreement retains language transferring \$500,000 of the amount provided for administrative expenses to the Office of Inspector General for audits and reviews of the disaster loan portfolio.

State Justice Institute

Salaries and Expenses

The conference agreement provides \$3,000,000 for the State Justice Institute (SJI), as proposed by the House instead of \$3,100,000 as proposed by the Senate.

The SJI is a private, non-governmental organization, which awards grants to improve the administration of justice in State courts. In addition to grants provided by SJI, State courts are also eligible to receive funding from many Office of Justice Programs' accounts such as the Byrne Formula program, Drug Courts, Criminal Identification Technology Act programs, Southwest Border Prosecutor Initiative, the Gun Violence Reduction Program, Juvenile Accountability Incentive Block Grant Program, Criminal Records Upgrade programs, Child Abuse Training for Judicial Personnel and Practitioners, Closed-Circuit Televising of Testimony for Children, and Violence Against Women – STOP Grants.

The fiscal year 2002 Conference Report recommended discontinuing Federal funding for this program in fiscal year 2003 and encouraged SJI to solicit private donations and resources from State and local agencies. The Conferees understand that the Institute has not been successful in its efforts to obtain non-Federal funds and has therefore included \$3,000,000 to keep SJI operating. The Conferees encourage SJI to continue to solicit donations in order to fund its programs including asking for support

from State, local and national bar associations. The Committees on Appropriations have received many letters of support for SJI from these organizations and State court judges. The Conferees feel that the bar associations and the States, who are the beneficiaries of SJI's work, should contribute to funding its programs.

TITLE VI – GENERAL PROVISIONS

The conference agreement includes the following General Provisions:

Sec 601.--The conference agreement includes section 601 regarding the use of appropriations for publicity and propaganda purposes.

Sec. 602.--The conference agreement includes section 602 regarding the availability of appropriations for obligation beyond the current fiscal year.

Sec. 603.--The conference agreement includes section 603 regarding the use of funds for consulting purposes.

Sec. 604.--The conference agreement includes section 604 providing that should any provision of the Act be held to be invalid, the remainder of the Act would not be affected.

Sec. 605.--The conference agreement includes section 605 regarding the policy by which funding available to the agencies funded under this Act may be reprogrammed for other purposes.

Sec. 606.--The conference agreement includes section 606 regarding the construction, repair, or modification of National Oceanic and Atmospheric Administration vessels in overseas shipyards.

Sec. 607.--The conference agreement includes section 607 regarding the purchase of American made products.

Sec. 608.--The conference agreement includes section 608 prohibiting funds in the bill from being used to implement, administer, or enforce any guidelines of the Equal Employment Opportunity Commission (EEOC) similar to proposed guidelines covering harassment based on religion published by the EEOC in October 1993.

Sec. 609.--The conference agreement includes section 609 prohibiting the use of funds for any United Nations peacekeeping mission that involves U.S. Armed Forces under the command or operational control of a foreign national unless the President certifies that the involvement is in the national security interest.

Sec. 610.--The conference agreement includes section 610 that prohibits use of funds to expand the U.S. diplomatic presence in Vietnam beyond the level in effect July 11, 1995, unless the President makes a certification that several conditions have been met regarding Vietnam's cooperation with the United States on POW/MIA issues.

Sec. 611.--The conference agreement includes section 611 prohibiting any use of funds to implement a certain Memorandum of Agreement between the Federal Trade Commission and the Antitrust Division of the Department of Justice.

Sec. 612.--The conference agreement includes section 612 requiring agencies and departments funded in this Act to absorb any necessary costs related to downsizing or consolidation within the amounts provided to the agency or department.

Sec. 613.--The conference agreement includes section 613 limiting funding under the Local Law Enforcement Block Grant to 90 percent to an entity that does not provide public safety officers injured in the line of duty, and as a result separated or retired from their jobs, with health insurance benefits equal to the insurance they received while on duty.

Sec. 614.--The conference agreement includes section 614 that permanently prohibits funds provided in this Act from being used to promote the sale or export of tobacco or tobacco products, or to seek the reduction or removal of foreign restrictions on the marketing of tobacco products, provided such restrictions are applied equally to all tobacco or tobacco products of the same type. This provision is not intended to impact routine international trade services provided to all U.S. citizens, including the processing of applications to establish foreign trade zones.

Sec. 615.--The conference agreement includes section 615 extending the prohibition on the use of funds to issue a visa to any alien involved in

extrajudicial and political killings in Haiti, including exemption and reporting requirements.

Sec. 616.--The conference agreement includes section 616 that prohibits a user fee from being charged for background checks conducted pursuant to the Brady Handgun Control Act of 1993, and prohibits implementation of a background check system which does not require or result in destruction of certain information.

Sec. 617.--The conference agreement includes section 617 regarding amounts available under the Crime Victims Fund.

Sec. 618.--The conference agreement includes section 618 prohibiting the use of Department of Justice funds for programs that discriminate against, denigrate, or otherwise undermine the religious beliefs of students participating in such programs.

Sec. 619.--The conference agreement includes section 619 prohibiting the use of funds appropriated or otherwise made available to the departments of State and Justice to process visas for citizens of countries that the Attorney General has determined deny or delay accepting the return of deported citizens.

Sec. 620.--The conference agreement includes section 620 prohibiting the use of Department of Justice funds to transport a maximum or high

security prisoner to any facility other than a facility certified by the Bureau of Prisons as appropriately secure to house such a prisoner.

Sec. 621.--The conference agreement includes section 621 that prohibits the use of appropriated funds to purchase certain audio-visual materials to be used by Federal prisoners for primarily recreational purposes.

Sec. 622.--The conference agreement includes section 622 regarding transfers of funds.

Sec. 623.--The conference agreement includes section 623 regarding the implementation of telecommuting programs.

Sec. 624.--The conference agreement includes section 624 making funds appropriated for a certain loan program available for the general 7(a) Business Loan Program.

Sec. 625.--The conference agreement includes section 625 providing additional amounts for the Small Business Administration Salaries and Expenses account for certain initiatives.

Sec. 626.--The conference agreement includes section 626 regarding the transfer of funds for an intermodal marine facility for the Port of Anchorage to the Maritime Administration.

TITLE VII – RESCISSIONS

DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

WORKING CAPITAL FUND

(RESCISSION)

The conference agreement includes a rescission of \$75,000,000 from unobligated balances under this heading.

78,000,000

LEGAL ACTIVITIES

ASSETS FORFEITURE FUND

(RESCISSION)

The conference agreement includes a rescission of \$50,874,000 from unobligated balances under this heading.

IMMIGRATION AND NATURALIZATION SERVICE

IMMIGRATION EMERGENCY FUND

(RESCISSION)

The conference agreement includes a rescission of \$580,000 from unobligated balances under this heading.

DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

COASTAL IMPACT ASSISTANCE

(RESCISSION)

The conference agreement includes a rescission of \$7,000,000 from unobligated balances under this heading.

DEPARTMENTAL MANAGEMENT

EMERGENCY OIL AND GAS GUARANTEED LOAN PROGRAM ACCOUNT

(RESCISSION)

The conference agreement includes a rescission of \$920,000 from unobligated balances under this heading.

RELATED AGENCIES

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

(RESCISSION)

The conference agreement includes a rescission of \$5,700,000 from unobligated balances under this heading. The conferees agree that this rescission represents an amount available in prior year excess fee collections.

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

(RESCISSION)

The conference agreement includes a rescission of \$13,750,000 from unobligated balances under this heading. The conferees agree that this rescission represents

unobligated balances remaining from appropriations for New Markets Technical Assistance.

BUSINESS LOANS PROGRAM ACCOUNT

(RESCISSION)

The conference agreement includes a rescission of \$10,500,000 from unobligated balances under this heading. The conferees agree that this rescission represents unobligated balances remaining from appropriations for the New Markets Venture Capital Program.

CONFERENCE TOTAL--WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 2003 recommended by the Committee of Conference, with comparisons to the fiscal year 2002 amount, the 2003 budget estimates, and the House and Senate bills for 2003 follow:

[in thousands of dollars]	
New budget (obligational) authority, fiscal year 2002.....	\$ 44,601,829
Budget estimates of new (obligational) authority, fiscal year 2003.....	44,019,021
House bill, fiscal year 2003.....	44,352,872
Senate bill, fiscal year 2003.....	44,939,792
Conference agreement, fiscal year 2003.....	44,773,730
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 2002.....	+171,901
Budget estimates of new (obligational) authority, fiscal year 2003.....	+754,709
House bill, fiscal year 2003.....	+420,858
Senate bill, fiscal year 2003.....	-166,062